

CE Industry & Product Introductions

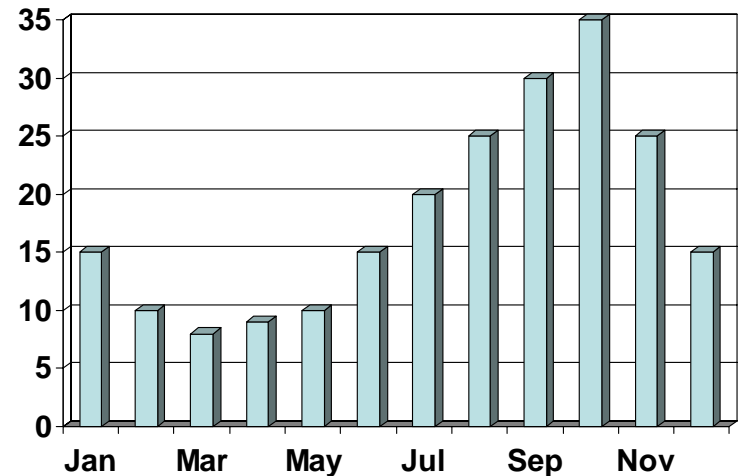
Why Any Deviation Matters

Product Development Cycles

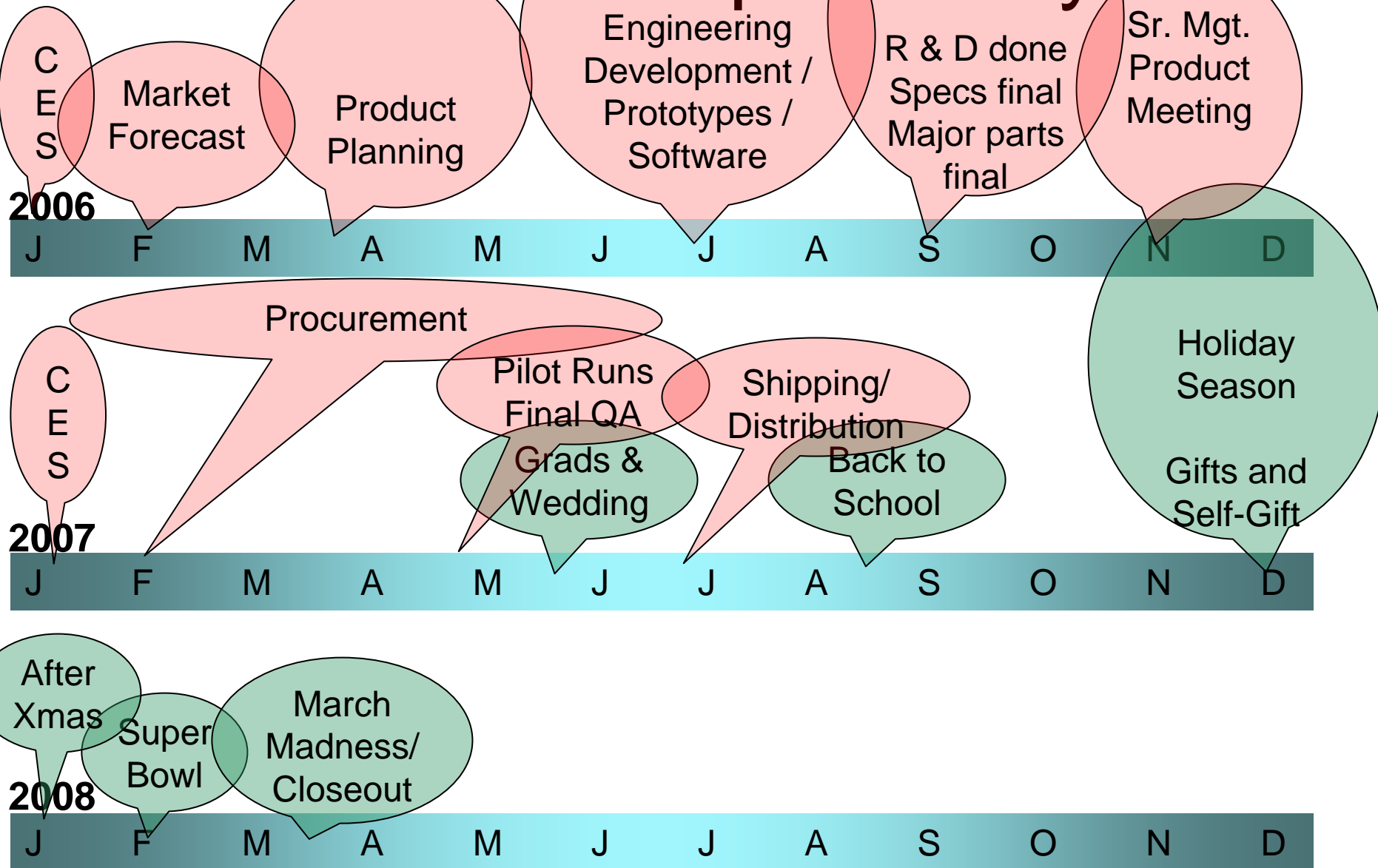
- Our industry intention to work cooperatively w/ CEC to establish optimal implementation timing
 - Goal to avoid an implementation date that increases costs to California consumers
- Deviation from industry product development and marketing cycles is highly disruptive
- Bottom Line: Minimize cost to California consumers to maximize savings and accelerate payback

Key Factors Define the Market

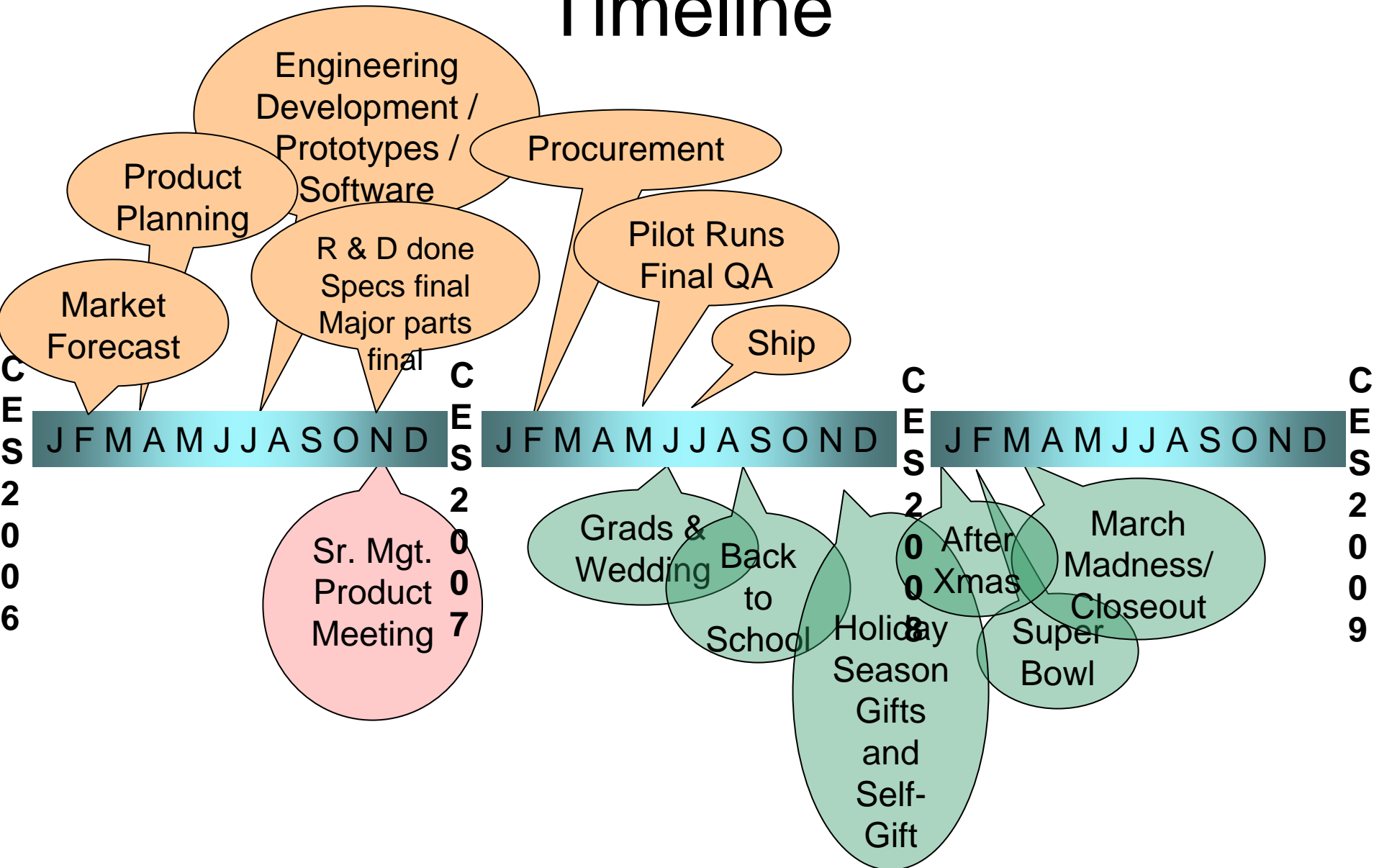
- CE is a consumer sales driven, retail industry
- Key Consumer Spending events
 - Holiday buying
 - After Christmas Sales
 - Super Bowl
 - Wedding/Graduation gifts
 - Back to School/College
 - Year-end closeouts
- Once-A-Year model changes
- Many companies' Fiscal Year is April 1 – March 31
- Major National Retailers require pricing and delivery commitments 9 months in advance
- Manufacturers commit in October/November to deliver new models in June/July



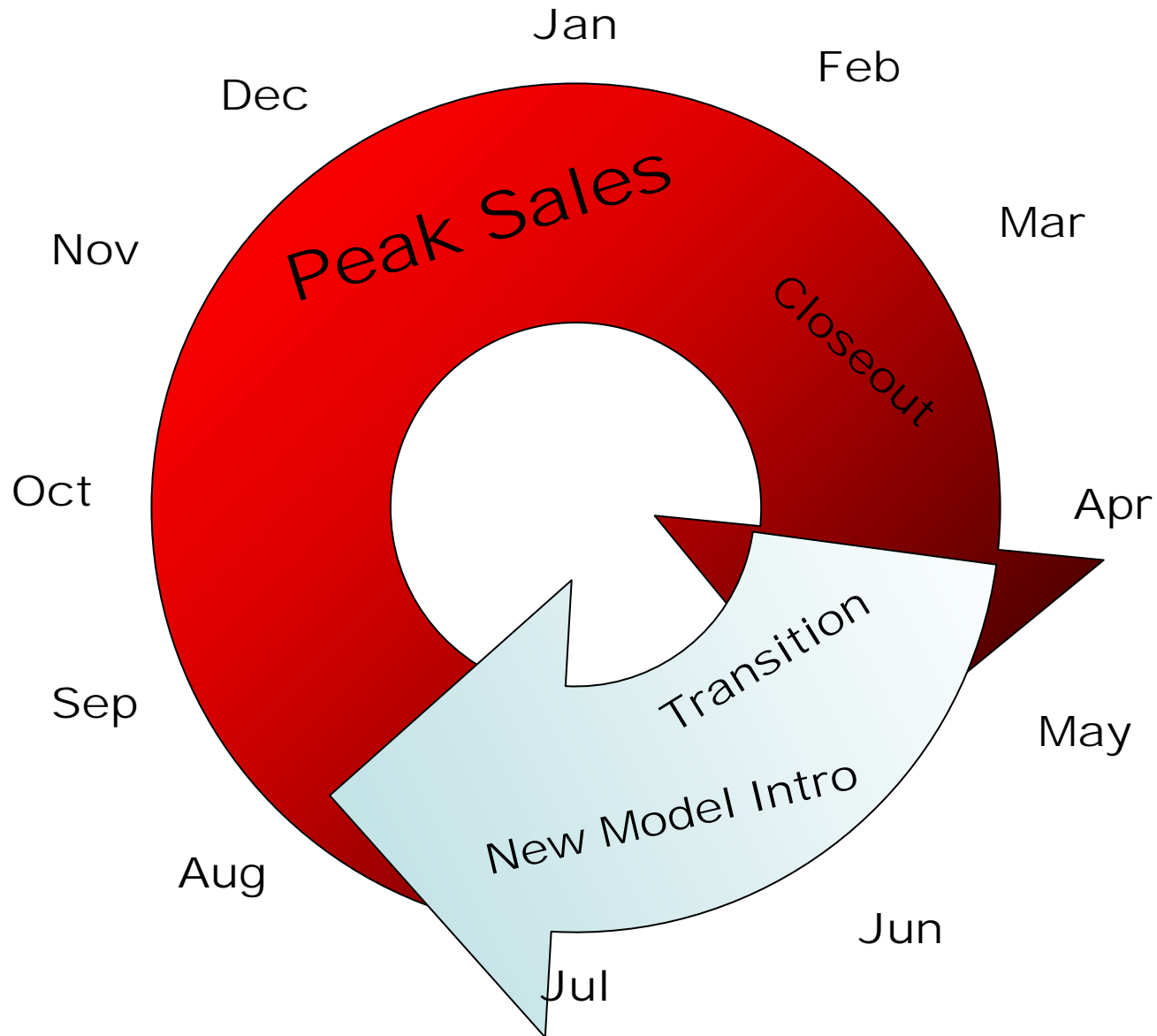
Product Development Cycle



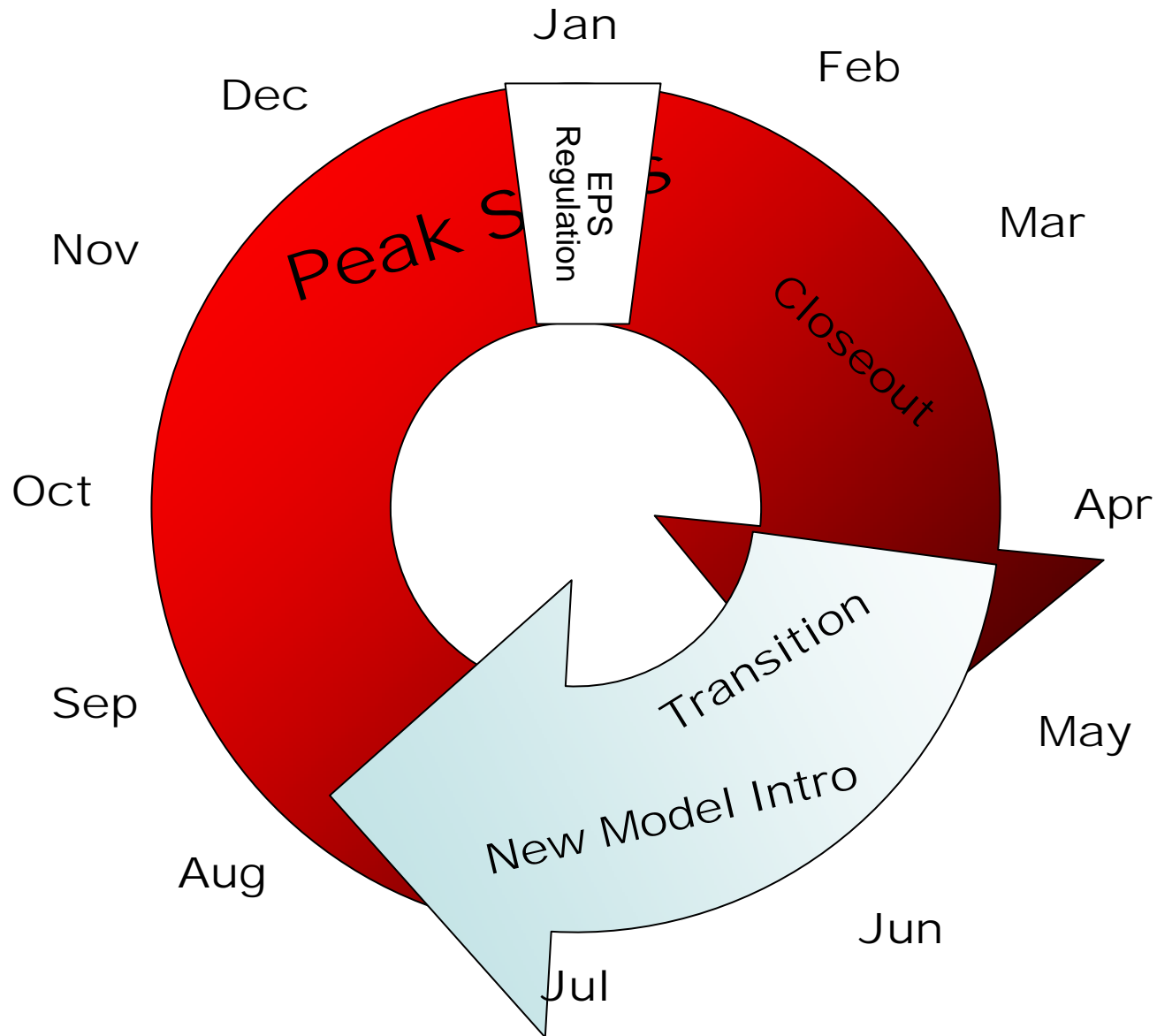
Extended Product Cycle – Typical Timeline



CE Retail Sales Cycle



CE Retail Sales Cycle: Interrupted



July 1 Optimal Regulatory Date

- Once-A-Year start of One Year Cycle
- Near the end of product introduction season
- Natural transition to new model introduction
- Slow retail selling season
 - More time for retailer to transition to compliance
 - More time to train their staff
- Retailers & sales staff ready for 4th Quarter / Holiday sales surge
- End of Quarter for accounting, FY records